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FM AIT TAIPEI
TO RUEHC/SECSTATE WASHDC IMMEDIATE 9118
INFO RUCNASE/ASEAN MEMBER COLLECTIVE
RUEHBJ/AMEMBASSY BEIJING 4876
RUEHUL/AMEMBASSY SEOUL 7673
RUEHKO/AMEMBASSY TOKYO 7531
RUEHCN/AMCONSUL CHENGDU 1112
RUEHGZ/AMCONSUL GUANGZHOU 9101
RUEHHK/AMCONSUL HONG KONG 6067
RUESLE/AMCONSUL SHANGHAI 8490
RUEHSH/AMCONSUL SHENYANG 5058
RHHMUNA/USPACOM HONOLULU HI
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHDC
RUEKJCS/SECDEF WASHDC

C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 000865

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TAGS: [PGOV](#) [PREL](#) [MARS](#) [MASS](#) [MCAP](#) [TW](#)

SUBJECT: CHAIRMAN MA HEADS TO WASHINGTON EMPTY-HANDED

REF: A. TAIPEI 0229

[1](#)B. TAIPEI 0822

[1](#)C. TAIPEI 0138

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Classified By: AIT Acting Director David J. Keegan, Reason(s):
1.4 (B/D)

[1](#)1. (C) Summary. KMT Chairman Ma Ying-jeou had promised to present his alternative defense procurement proposal before he traveled to Washington. The KMT legislative caucus, however, unexpectedly blocked that initiative. KMT legislators blamed President Chen's NUC/NUG announcement for making any compromise impossible. Barring a last-minute compromise by the KMT caucus or a bold end run by Ma himself making a unilateral decision (which some legislators are urging him to do), Ma will arrive in the U.S. on March 19 without a clear KMT position on the defense procurement issue. This defeat is Ma's second major stumble in the last two months after a long string of successes, which culminated in the KMT triumph in December's island-wide local elections.
End Summary.

[1](#)2. (C) Opposition Kuomintang Party (KMT) legislators on March 14 refused to approve a consensus KMT counterproposal on the long-blocked Defense Special Budget to fund PAC-3 missiles, P-3C ASW aircraft, and diesel electric submarines. In January, Chairman Ma had requested the KMT legislative caucus to reconsider the arms procurement package it had steadfastly opposed the preceding 16 months, and to develop a KMT consensus counterproposal (Ref A). All signs in recent weeks pointed to an emerging consensus among the KMT members of the LY Defense Committee, who led the review. Their proposal would have supported the funding of P-3C aircraft, blocked PAC-3 missile batteries until 2007, and postponed decision on submarines. KMT legislator Su Chi termed this a "green light, red light, yellow light" proposal.

[1](#)3. (C) The proposal ran into a firestorm at a turbulent meeting of the KMT legislative caucus on March 14, however, with all but two of the twenty legislators present opposing approval of the compromise proposal. While several legislators urged postponing decision on a KMT counter-proposal until later this week, but before Chairman

Ma leaves for the U.S. on March 19, others pressed for postponement until after Hu Jin-tao's April Washington visit, or even postponement indefinitely depending on actions by the Chen government. This was an unexpected turn of events, because as recently as last week KMT legislators -- including Defense Special Budget critics Ting Shou-chung and Su Chi -- were telling AIT that the review requested by Chairman Ma would definitely be completed early the week of March 13.

14. (C) There were, to be sure, indications of KMT discontent. Su Chi, for example, told AIT two weeks ago that the KMT was angry over President Chen's actions and dismayed that the US had not prevented Chen from "abolishing the NUC/NUG." KMT legislator Ting Shou-chung, a longtime critic of the original Defense Special Budget, argued that President Chen should not be rewarded with new weapons for provoking the NUC/NUG imbroglio.

15. (C) The twenty KMT caucus members present at the March 14 meeting overwhelmingly opposed the proposed counterproposal on defense procurement, Su Chi told AIT. While some of the members present, including Joanna Lei (Lei Chian), pressed for "indefinite postponement," Su himself and Shuai Hua-min argued for "temporary postponement" until after the Hu Jin-tao visit to Washington in April. KMT legislator Lin Yu-fang, however, told AIT that a meeting of defense-oriented KMT caucus members on March 15 urged Chairman Ma to be more independent and unilaterally announce the alternative proposal.

16. (C) Joanna Lei told AIT that only two KMT caucus members spoke in favor of the KMT counterproposal (Comment: presumably Su and Shuai. End comment.), while the balance either opposed or refused to support the counterproposal urged by Chairman Ma. Lei explained that a "supermajority8 of the 88-member KMT caucus opposes moving the arms purchase issue forward out of anger over President Chen,s February 27

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NUC/NUG announcement, which they view as having &changed the status quo8 across the Strait. Lei argued that approval of arms purchases or an increase in the defense budget could (1) send a signal to the PRC that the majority of the LY is behind President Chen and/or (2) encourage Chen to move forward more aggressively with his independence agenda. Discounting the possibility that Ma would take unilateral action, Lei explained that Ma has been &extremely democratic8 and hands-off during the caucus,s deliberations, and has promised to respect the legislators, decision. Lei added that she and her LY colleagues are simply reflecting the sentiment they have received from their constituents.

17. (C) In any event, KMT caucus endorsement in itself would not have been enough to move a defense budget proposal past the LY Procedure Committee, which has 46 times blocked LY consideration of the Defense Special Budget. Any KMT defense procurement counter proposal would still have to go through the legislative gauntlet of Pan-Blue coalition partner People First Party (PFP). PFP legislators and operatives tell AIT that the rump PFP -- nine PFP legislators have joined the KMT in recent weeks -- remains even more firmly opposed than ever to funding any of the three Defense Special Budget weapons systems. On March 14, in fact, a group of PFP supporters demonstrated in front of AIT against purchase of U.S. weapons (Ref B).

18. (C) Comment. The unexpected rejection of Ma's compromise counterproposal by KMT legislators was apparently a product of KMT anger over President Chen's actions and direction, particularly on the NUC/NUG. Barring an unlikely last-minute change of heart by KMT legislators in the four days before Ma departs on his March 19-25 U.S. visit, or an equally unlikely unilateral move by Ma himself, Ma will arrive in the US without the concrete KMT defense procurement proposal he had sought. Ma had sought to capitalize on the landslide victory

to which he led the KMT in December to extend his leadership from the Party organization proper into the legislature and over a coterie of strong-willed and head-strong KMT legislators. He had also hoped to erase the memory of his stumbles over his position on Taiwan independence (Ref C). Instead, Ma has resurrected long-standing doubts about whether he is decisive enough to be a leader. End Comment.
KEEGAN